UNITED
NATIONS

DP

Executive Board of
the United Nations
Development Programme
and of the United Nations
Population Fund

Distr.
GENERAL

DP/CCF/MLW/1
2 July 1997

ORIGINAL: ENGLISH

Third regular session 1997
15-19 September 1997, New York
Item 6 of the provisional agenda
UNDP

UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

FIRST COUNTRY COOPERATION FRAMEWORK FOR MALAWI (1997-2001)

CONTENTS

	Paragraphs	Page
INTRODUCTION	1	2
I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE	2 - 8	2
II. RESULTS AND LESSONS OF PAST COOPERATION	9 - 11	4
III. PROPOSED STRATEGY AND THEMATIC AREAS	12 - 28	4
A. Sustainable livelihoods	16 - 21	6
B. Capacity-building for governance and development management	22 - 28	8
IV. MANAGEMENT ARRANGEMENTS	29 - 33	9
Annex. Resource mobilization target table for Malawi (1997-2001)		11

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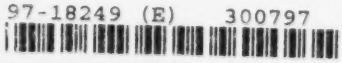

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INTRODUCTION

1. The preparation of the first country cooperation framework (CCF) for Malawi (1997-2001) began with the February 1996 evaluation of the fifth country programme (1992-1996). Consultations with UNDP and other stakeholders followed, culminating in the submission to the Government of Malawi of the UNDP advisory note. The CCF is based explicitly on the national Poverty Alleviation Policy Framework, sectoral development policies and programmes introduced since 1994, and the Policy Framework Paper, 1995-1998. The Government wishes to acknowledge the influence of various United Nations-sponsored international conferences in guiding its policy reform programmme, as well as the role of the United Nations Resident Coordinator System in operational activities in the process of policy reform and donor coordination.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. A radical transformation of society in Malawi began in 1994, when a 30-year-old highly centralized one-party State was replaced, through multi-party elections, with a new Government in May 1994. In 1995, a new Constitution was adopted, which guarantees a full range of civil, cultural, social, political and economic rights. The new Government's policy reforms give highest priority to alleviating poverty through rapid and broad-based sustainable development, and to consolidating its new democratic processes.

3. The importance of such a radical change in policies is illustrated by Malawi's development paradox. Relatively high levels of average economic growth occurred in the decades up to the early 1990s, when successive droughts and the impact of political uncertainty affected performance. Malawi remained, however, one of the poorest countries in the world, ranked 157 out of 174 countries according to its human development index value in the Human Development Report 1996, because its impressive economic growth had not led to improvements in income levels of standards of living for most socio-economic groups. Per capita gross national product (GNP) is estimated at $170 (1994).

4. According to the most recent national statistics available, almost all social indicators verify Malawi's poor human development record: life expectancy is 44 years; adult literacy stands at 39 per cent (29 per cent for women); and only 25 per cent of the rural population and 33 per cent of the urban population have access to safe water. The economy is dualistic, with the formal sector accounting for only 10 per cent of employment. Income inequality in Malawi is now recognized as among the most extreme in the world. The majority of the population struggle to earn a living from the low productivity smallholder and informal sectors. Extreme poverty together with rapid population growth (3.2 per cent per year, with an urban growth rate in excess of 6 per cent) has resulted in accelerated environmental degradation. Another major factor exacerbating poverty is gender inequality - women are politically, socially and economically disadvantaged. According to the Human Development Report 1996, in terms of its gender-related development index, Malawi ranked 121 out of 137 countries.

5. The fundamental political changes and policy reforms that began in 1994 were put into effect concurrently with a severe structural adjustment programme. The control of inflation and stabilization of the national currency, largely by reducing the government budget deficit (including grants) from 15 per cent to 4.7 per cent of gross domestic product (GDP) over the period 1994-1995 to 1996-1997, has been an overriding concern. Growth of GDP in 1995 and 1996 was around 9 per cent and high rates of growth are expected to continue, based on further diversification in smallholder agriculture and small-scale industry development, as well as the injection of new resources into the rural economy through the continued expansion of social services and infrastructure.

6. Despite the relative success of the economic liberalization and stabilization programme, the severity of the adjustment process and particularly the high rate of inflation during 1995 and the first half of 1996 have exposed and intensified poverty among vulnerable groups, including poor smallholders, estate workers and tenants, the urban poor, households headed by a single parent, and children. More than one half of the estimated 1.8 million smallholder farmers suffer from household food insecurity.

7. It is in the above-mentioned context that the new Government adopted poverty alleviation as its highest priority, focusing on such reforms as: (a) economic growth through liberalization of the economy to give prominence to private sector activities, especially smallholder agriculture and small-scale industries, micro-credit, the informal sector, and privatization of State-owned enterprises; (b) reducing household food insecurity through better targeted disaster mitigation activities and expanding safety nets by diversifying coping strategies and improving access to resources and income-earning opportunities; (c) launching new social-sector policies on free primary education, primary health care, water supply and sanitation, HIV/AIDS and orphans, youth, population, housing and gender; (d) formulating an environmental policy and investment support programme; (e) promoting greater participation of the population, especially disadvantaged groups, in designing their own development strategies, through decentralization and the promotion of community-based management of development projects; (f) enhancing the role of civil society and non-governmental organizations (NGOs) in development and governance activities; and (g) constitutionally mandated human rights institutions, including a human rights commission, an ombudsman office, a law commission, a human rights compensation tribunal, as well as media, police, prison, and judicial reform.

8. The current Malawi Vision 2020 process is attempting to provide a long-term perspective on all of the above-mentioned initiatives and evolving policies, including institutionalizing policy analysis and strategic planning capacities, as part of the national long-term perspective studies process. Malawi's potential for sustainable human development (SHD) is reflected, therefore, in its extensive reform programme and in its potential to exploit rich natural resources in an open and relatively stable national and regional political and economic environment. However, there are enormous challenges to development in Malawi, including: (a) limited productivity and inequality in access to resources; and (b) ineffective development management capacity, and social regulations and processes that inhibit the capacity of individuals, groups and institutions to participate effectively in the national development process. These two cross-cutting challenges are critical to the sustainability and

effectiveness of most sectoral interventions and therefore warrant particular attention from UNDP.

II. RESULTS AND LESSONS OF PAST COOPERATION

9. The fifth country programme, which covered the period 1992-1996, was designed as an integrated approach to addressing poverty. Programme implementation was enhanced considerably by the political and policy-related changes initiated from mid-1994, allowing the programme to contribute to the reversal of decades of top-down management, inappropriate investments and the institutionalized denial of crippling poverty.

10. Among other things, the fifth country programme focused on: (a) the development of a meaningful decentralization policy, including the creation of six vibrant and working district models for decentralized development planning, management and monitoring; (b) policy development and capacity-building around the key themes of poverty alleviation, the environment, and specific social, gender, agricultural and enterprise policies; (c) aspects of civil service reform and national capacity development for economic and financial management; (d) the country's democratization process, through support to elections, review of the Constitution, human rights, and civic education; and (e) greater South-South cooperation, through the widespread use of United Nations Volunteers (UNV) specialists and consultants.

11. The key lessons learned during the fifth country programme included the need for: (a) participation of all stakeholders in programme development, from the early planning stages, to ensure local ownership and sustainability of results; (b) clear programme-management monitoring and coordination mechanisms; (c) synchronized implementation of interdependent interventions; (d) greater orientation towards results and understanding of the programme approach and national execution modalities; (e) focusing Government/UNDP cooperation programmes on key national priority areas where there is expressed demand and where UNDP has a comparative advantage; and (j) review of the partnership between the Government, NGOs and UNDP in the delivery of services.

III. PROPOSED STRATEGY AND THEMATIC AREAS

12. There is a strong convergence between government objectives and priorities and the UNDP mandate to promote SHD through capacity-building. Accordingly, under two thematic areas (see paras. 16-28 below), the Government and UNDP will cooperate to:

(a) Alleviate poverty through the development of sustainable livelihoods. Opportunities for sustainable livelihoods will be promoted by targeting the absolute poor and other disadvantaged groups in both rural and urban settings. As requested by the Government UNDP will also support efforts to enhance capacity for poverty policy analysis and monitoring, as well as participatory development management;

(b) Build capacity for local empowerment. Support will be provided for the formulation, implementation and monitoring of community development initiatives, as well as to strengthen the outreach capabilities of the central administration into rural areas, through human resource development and support services in areas of planning, finance, participatory rural development, gender and local governance;

(c) Promote the advancement of women and gender equity. Target for resource assignment from the core (TRAC) funds will be used to support efforts to advocate for gender equity and to build capacities towards this end, with at least 20 per cent of programme resources targeted at the empowerment of women. The Government has proposed that the United Nations Development Fund for Women (UNIFEM) support the implementation of the Beijing Platform for Action in Malawi and the United Nations resident agencies' gender policy for Malawi, complementing UNDP support for gender-mainstreaming and other related policy and programme interventions;

(d) Promote the sustainable management of the environment and natural resources. The Government recognizes the importance of promoting environment-friendly development strategies and of integrating environmental concerns into national, district, urban and community development management systems. In this regard, the Government is committed to mainstreaming environmental concerns in all areas of UNDP focus, as well as to capacity-building for the implementation of international conventions on the environment.

13. The Government has requested that UNDP assist in capacity-building efforts as a national priority, in close collaboration with civil society, the private sector, NGOs, the World Bank and other partners. This collaborative process will utilize UNDP strengths in such areas as: (a) the process approach to policy and programming, with its associated flexibility and a focus on national programmes, institutions and partnerships; (b) accumulated experience in sectoral and thematic areas; and (c) the programme approach and national execution modalities as the basis for programme design and implementation. In particular, capacity-building efforts will be reinforced through:

(a) Malawi's active implementation of global compacts. Malawi's capacity for policy formulation was strengthened by its active participation in and follow-up to international conferences. During the period covered by the first CCF, in cooperation with other United Nations partners, UNDP will support the implementation of the commitments made at those conferences, particularly the 20/20 compact. The impact of HIV/AIDS on national capacities will also receive particular attention;

(b) Promoting complementarity between external assistance partners. The Government has requested that UNDP support its capacity-building efforts in the areas of formulating and implementing national programmes, developing an external aid policy, and improving aid management, coordination and implementation capacities;

(c) National partnerships. The Government has recognized NGOs and the private sector as cooperating partners to reinforce capacities and ownership at national, district and community levels. Given NGO capacity limitations due to

newness and membership weaknesses, support for building the capacities of indigenous NGOs will be considered, although the majority of funds available in this area will be allocated for direct assistance to beneficiaries;

(d) Use of the technical cooperation among developing countries (TCDC) modality. Malawi has not made much use of the TCDC mechanism and would benefit by tapping the experiences and lessons learned in the region. The Government will seek access to suitable expertise nationally, regionally, and internationally, through the United Nations system, including through South-South exchanges (TCDC), the United Nations Volunteer (UNV) programme, Domestic Development Services (DDS) workers, national volunteers, and the Transfer of Knowledge through Expatriate Nationals (TOKTEN) and other cost-effective modalities.

14. Complementarity of United Nations programmes. With a view to fostering higher complementarity and synergy between United Nations programmes, the Government and United Nations family have drafted a country strategy note. Within Malawi's Poverty Alleviation Policy Framework, the initial priorities for joint programming are in the areas of gender, sustainable livelihoods, HIV/AIDS, youth, decentralization and participatory development. The Government envisages joint United Nations Capital Development Fund/UNDP support for local development funds, small-enterprise credit, and community-based, co-managed natural resources development. In the case of the UNV programme, it is proposed that the emphasis continue to be on capacity-building at the district level. At community level, UNDP support complemented by support from UNV-DDS will promote self-help schemes for sustainable livelihoods. In addition UNDP will support the participation of national volunteers in the development process.

15. Within the overall framework of support to the Government's poverty alleviation programme, UNDP will provide support in two thematic areas: (a) sustainable livelihoods (40 per cent of target for resource assignment from the core (TRAC) resources); and (b) governance and development management (50 per cent of TRAC resources). (Ten per cent of TRAC resources will be held in reserve.) Seven programme components will serve as the operational frameworks for implementation. Non-TRAC resources, supplemented by parallel funding, will also be mobilized in support of the programmes. Linkages between the two areas of focus will be built into the design of the programme components, with, for example, development management at the district level providing an enabling environment for the work in the area of sustainable livelihoods in targeted communities.

A. Sustainable livelihoods

16. The objective in this thematic area is to ensure that the poor, especially women, in rural and urban areas are identified and helped to establish adequate capacities, structures, means and incomes to meet their basic needs, while ensuring the sustainable management of resources in an environmentally sound manner.

17. Sustainable livelihoods and food security. Within the framework of the National Food Security and Nutrition Policy and Action Plan, this programme

component will include the following elements of capacity-building: (a) policy and programming support for the agricultural and livestock action plan and investment programme, to enhance capacity to improve sustainable livelihoods for targeted poor groups and communities; and (b) integrated targeting, planning and operational support, along with other United Nations agencies, to effectively reach poorer communities and groups, particularly female-headed households, with sustainable livelihood interventions. Key benchmarks will include: (a) the approval of land policy reform and sustainable livelihood and food security district plans that spell out support from United Nations agencies in Malawi; (b) the formation of cohesive farmers' associations or cooperatives; and (c) the establishment of micro-financing schemes targeting disadvantaged groups and a national framework on food security.

18. Enterprise development and employment opportunities. This programme component will focus on strengthening the development of micro-, small- and medium-scale enterprises, both to expand opportunities for employment creation and for private sector development. The main elements will cover capacity-building for: (a) trade, employment and industrial policy analysis and programming, including an effective consultative mechanism between the private sector and the Government; (b) an appropriate legislative and institutional framework; and (c) promotion at the national and district levels of micro-, small- and medium-scale enterprise development capacities relevant to rural communities, especially for women and other disadvantaged groups.

19. Benchmarks for measuring progress will include but are not limited to the following: (a) the setting up of an appropriate management and institutional structure for the sector; (b) the adoption of micro- and medium-scale enterprise development, trade and industry, competition and cooperative policies and related legislation; (c) the development and adoption of appropriate strategies to promote gender-mainstreaming into programme activities; (d) the establishment of micro-financing schemes providing a wide range of financial and non-financial services to micro- and small-scale entrepreneurs; and (e) the establishment of women's entrepreneurship groups and cooperatives, including export production villages (villages designated by the Government as having a comparative advantage for targeted export-oriented agricultural production).

20. Sustainable management of natural resources and the environment. Within the framework of the National Environment Action Plan and Investment Programme, this programme component will help to mainstream sound environment and natural resources management practices into national development programmes. Support will be provided for the implementation of environmental policy and actions, including the legislative framework and capacity-building necessary for mainstreaming environmental considerations in development, through information, education, training, and impact assessments. Capacity 21 will help establish operational capacity for community participation in natural resources management, to increase production and income opportunities on an environmentally sustainable basis for the most vulnerable communities. The formulation of national programmes on renewable energy, desertification, biodiversity, indigenous technologies and an urban Agenda 21 will also be supported.

21. The key benchmarks for this component will include: (a) operationalization of a coordinated approach to community-based natural resources management; (b) a measurable improvement in the lives of women arising from their participation in environmentally sound natural resources management practices; and (c) approval of national programmes such as a programme on renewable energy and an urban Agenda 21.

B. Capacity-building for governance and development management

22. The objective in this thematic area is to empower Malawian society to organize itself more effectively to ensure sustainable livelihoods. UNDP will support the Government in its efforts to create an enabling environment for a transition process in governance and development management. Support will be carried out under four operational programme components.

23. Establishing an enabling environment for public policy and management. This programme component will focus on capacity-building to manage change in the public sector; economic and financial management, including aid coordination and management and monitoring and evaluation capacities; and public policy formulation and management, especially in the area of social policies, including follow-up to Malawi Vision 2020. UNDP support will help Malawi to establish the capacity to manage change with a long-term perspective. It is envisaged that support will lead to meaningful changes in the structures, processes, attitudes, behaviour and culture of the public service sector. Support will also enhance Malawi's capacity to develop an effective and timely response to the development-related dimensions of the HIV/AIDS epidemic, based on Malawi's human, financial and intellectual resources.

24. The most important benchmarks will include: (a) the adoption of Malawi Vision 2020 (see para. 8) and its integration into the national planning process; (b) the adoption and implementation of a public sector reform programme; (c) the formulation of an aid management policy and clarification of the institutional framework; and (d) the adoption of a social policy incorporating the commitments of global compacts, with a special emphasis on the impact of HIV/AIDS.

25. Governance. This programme component will focus on the consolidation of democratic governance in the following areas: (a) local government elections; (b) selected parliamentary mechanisms; (c) the promotion and protection of human rights; and (d) support for civil society organizations, especially in the area of civic education, with a focus on gender equality. Key benchmarks will include: (a) the conducting of civic and voter education as a joint partnership between the Government and civil society; and (b) revision of the legal framework and judiciary and parliamentary mechanisms in line with the new Constitution.

26. Local governance and development management. Within the framework of the new decentralization policy, UNDP will support: (a) nationwide replication of the successful experiences of the fifth country programme (e.g., district planning frameworks, district development funds, revival of community participation structures); and (b) capacity-building for a unified local

governance system based on community participation. The most important benchmarks will include: the installation of district planning and financing systems in all districts; the establishment of institutional capacities at the central and district levels for decentralized policy analysis and implementation; the revival of community participation structures in all districts; and community empowerment, especially of women, in governance and development management processes and activities.

27. The advancement of women and gender equality. Within the Poverty Alleviation Policy Framework and in order to improve the status of women and address existing gender imbalances, this programme component will focus on capacity-building and developing an affirmative action strategy to support the implementation of a national platform for action. Support will also focus on building capacity within the Government, NGOs, and civil society to identify, analyse, design, coordinate and mainstream gender concerns into national development policies and programmes.

28. Activities in this programme component will make it easier to target poverty alleviation interventions so that they benefit the poorest segments of society, especially women. Key benchmarks will include the adoption and implementation of a national policy on gender and strengthened institutional capacity to provide training in gender analysis, gender-focused research and management and gender-responsive planning.

IV. MANAGEMENT ARRANGEMENTS

29. All components of the fifth country programme were nationally executed and evaluations confirmed the merit of the modality. The Government will continue to use the national execution modality, with some improvements such as involving national partners beyond traditional central government institutions (e.g., local councils, research centres, parastatals, NGOs and community-based organizations); simplifying the financial transfer and reporting systems, taking into account the decentralization process; and clarifying and strengthening the role of the United Nations agencies in the national execution modality, so as to facilitate more effective mobilization of United Nations agencies' resources and expertise.

30. To facilitate effective national execution of the CCF and strengthen national capacity to manage programmes and development in general, the Government will use TRAC and indicative planning figure (IPF) subline resources carried over from the fifth cycle to support overall national capacity-building efforts in national programme development, overall and financial management, workplanning, the development of implementation modalities, and monitoring and evaluation.

31. Based on the experience gained in the fifth country programme and the new UNDP programming arrangements, the Government plans to address the management of cooperation with UNDP at the programme component, thematic area, and CCF levels by clearly defining the monitoring, evaluation and review responsibilities of appropriate national institutions at the design stage.

32. At the level of the overall framework, the Government will use ongoing quarterly meetings, under the leadership of the Ministry of Finance, as the main forum for oversight, review and evaluation of UNDP and United Nations-system support for national programmes. Furthermore, the fourth-quarter meeting will be the forum for the annual reviews of the CCF, which will focus on performance and impact assessment. United Nations funds and agencies will continue to participate in this programme management process, under the leadership of the resident coordinator. In the same spirit, the triennial review of the CCF is planned for late 1999, the agreed date for the joint review of all United Nations agencies' programmes in Malawi.

33. During the fifth country programme UNDP sought third-party cost-sharing of approximately $38 million with little experience in resource mobilization. Results were limited, except in the areas of governance and environment. Apart from UNDP support in its aid management and coordination efforts in general, the Government requires specific support for resource mobilization in the areas of focus of the CCF. The Government has also requested that UNDP consult other donors, the private sector and NGOs on cost-sharing and co-financing of the programmes under the first CCF. The annex shows the targets for core and non-core resources for the period covered by the first CCF.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR MALAWI (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	3 746	
TRAC 1.1.1	29 822	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	200	Assigned in 1997 for aid to flood disaster victims.
SPPD/STS	1 802	
Subtotal	35 570[a]	
NON-CORE FUNDS		
Government cost-sharing		
Sustainable development funds GEF Montreal Protocol	5 106 of which: 5 000 106	
Third-party cost-sharing	8 000	
Funds, trust funds and other UNCDF SIGA	13 000 of which: 12 000 1 000	
Subtotal	26 106	
GRAND TOTAL	61 676[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SIGA = Special Initiative on Governance for Africa; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; and UNCDF = United Nations Capital Development Fund.